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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of : Confirmation No.: 5428
John Philip PETTITT :
Serial No.: 09/442,106 : Group Art Unit: 3625
Filed: November 17, 1999 : Examiner: Yogesh C. Garg

For: METHOD AND SYSTEM FOR DETECTING FRAUD IN A CREDIT CARD
TRANSACTION OVER A COMPUTER NETWORK

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REPLY BRIEF ON APPEAL

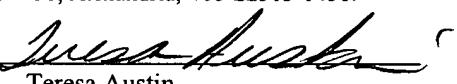
Sir:

Further to the Notice of Appeal filed August 7, 2003, and in reply to the Examiner's Answer mailed March 1, 2004, the Applicant hereby submits its reply brief on appeal pursuant to 37 C.F.R. §1.193(b)(1).

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Mail Stop Appeal Brief-Patents, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

on: April 30, 2004

by: 
Teresa Austin

ARGUMENT

I. The Terminal Disclaimer; Correspondence Address

Page 3, item (6) of the Examiner's Answer is correct that the Terminal Disclaimer issue is resolved. However, the clerical staff apparently interpreted Applicant's submission of documents to show a chain of title as a substantive re-submission of an old, superseded power of attorney and change of correspondence address. As a result, the Office is now sending correspondence to the undersigned at the wrong address (McDermott Will & Emery in Washington, D.C.). Applicant has submitted a change of correspondence paper identifying the correct address on March 11, 2004. The Office is respectfully requested to ensure that the following address is used in all future communications: 1600 Willow Street, San Jose, California 95125-5106.

II. The Cited References Fail to Teach Determining Physical Address Consistency Based On an Internet Address—Wallace in view of McCrea and Gopinathan

A. Claim 17

At pp. 8-9, the Examiner's Answer contends that Wallace, col. 2, lines 4-15 teaches all of the first five (5) features of Claim 17. This is incorrect.

For example, Wallace has no teaching of an automatic verification system as recited in the fifth feature. The term "AVS" has an established meaning in the industry and in Applicant's specification. Wallace has no disclosure of the use of an AVS in combination with all other features of Claim 17.

Further, Wallace fails to teach the third feature, "verifying the credit card information based upon a consistency check that determines whether the credit card information matches

the consumer.” A complete reading of Wallace shows that Wallace has no teaching of receiving any personal identifying information for a consumer, other than the static PIN and variable PIN. Beyond the mere suggestion that a change in shipping address could trigger a secondary validation, Wallace has no teaching about determining whether an individual presenting an account number in a transaction actually is the individual truly associated with the account.

But the Examiner and the Applicant primarily and fundamentally disagree on whether the references individually or collectively teach, disclose or suggest the following feature of Claim 17: “verifying the credit card information based upon an Internet identification system that determines whether a physical address specified in the transaction information is consistent with other physical addresses that have been specified in a database of records of other transaction information for other transactions that are associated with the Internet address of the consumer; …” The Examiner’s answer contends that Wallace, col. 2, lines 4-15 “uses historical data i.e. numerous threshold criteria or conditions to verify the authenticity of the credit card transaction … Wallace’s disclosure includes verifying the consistency of the credit card information with historical information associated with the same credit card information … changes in patterns of the shipping address and geographical limitations correspond to checking the consistency of the physical addresses of the user with respect to the credit card information.” A close reading of Wallace shows that this is incorrect.

Wallace uses the “threshold criteria,” such as “changes in purchasing patterns,” changes in shipping address, or “geographical limitations,” merely to determine whether to prompt the user to provide a secondary, variable PIN number. See Wallace, FIG. 1, steps

110, 112, and associated text at col. 5, line 61 to col. 6, line 44. Importantly, Wallace has **no** teaching that the “threshold criteria” itself is used to verify a transaction; the PIN is used to verify the transaction.

The difference is fundamental. If a fraudulent credit card user has intercepted, guessed, or otherwise successfully generated valid values for both the static PIN and variable PIN of Wallace, and presents the merchant with a transaction having a shipping address different than prior transactions for the same account number, by the logic of FIG. 1 **Wallace will allow the transaction to proceed if the two PIN values are provided.** A change in shipping address merely prompts a secondary validation check. In contrast, according to Claim 17, **the mere inconsistency of the addresses** would result in a verification failure, and the transaction could not proceed.¹

The paragraph bridging pp. 9-10 of the Examiner’s Answer, through the top of page 11, valiantly attempts to show that Wallace teaches the above-quoted feature, without success. Wallace simply has no description of the use of determining whether a physical address specified in transaction information is consistent with other physical addresses that have been specified in a database of records of other transaction information for other transactions that are associated with the Internet address of the consumer. The mere appearance of the word “Internet” in one passage of Wallace is insufficient. Further, **a combination of Wallace with McCrea would not result in the complete combination claimed in Claim 17.** Such a combination would provide, at most, determining that an account number is presented by a computer located in Australia; determining that a

¹ Applicant offers to amend Claim 17 to clarify this point, if the Examiner elects to re-open prosecution.

presentment of a transaction from Australia matches one of the “threshold criteria” of Wallace; and prompting the computer or user to provide a secondary, variable PIN. **But if the user had guessed or generated the secondary, variable PIN, the transaction would go forward.** There is no teaching or suggestion to actually perform transaction validation or verification based on address, only to trigger prompting for the variable PIN.

At page 11, last paragraph, the Examiner’s Answer states that “one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references.” The Examiner’s Answer mis-construes Applicant’s argument. Applicant contends that McCrea is non-analogous art, or is improperly combined with Wallace because it is directed to a completely different field of endeavor. Technological measures for determining whether a computer is within a jurisdiction for purposes of levying taxes have nothing to do with systems or processes for verifying fraudulent credit card transactions. The Examiner’s Answer argues by analogy to the limitations of Claim 17, but the ability to craft an analogy does not mean that a reference is “reasonably pertinent to the particular problem,” see In re Oetiker, cited in the Examiner’s Answer, pp. 12. With respect to software inventions, analogies can be drawn among vastly different problems. The mere ability to create an analogy would potentially sweep together completely unrelated art.

Regarding the substance of McCrea, Applicant notes that the Examiner’s Answer does not reply to Applicant’s arguments that McCrea merely describes use of an IP address to determine whether an associated host is within Australia based on connections of Australia to the Internet and on subnet address ranges that collectively define all IP addresses in Australia and merely teaches how to determine the **absolute** location of a computer; that McCrea does not disclose comparing **consistency** of one **physical** address with another, as

claimed; McCrea provides no teaching or suggestion of linking an Internet address with a physical address, beyond the level of determining whether the Internet address is associated with subnets in Australia; and McCrea does not access a **database of historical transaction records for verification** purposes with respect to the link between a given Internet address and associated physical address(es).

B. Claim 21

The Examiner's Answer first argues that the Applicant's argument regarding "official notice" is procedurally deficient. Rule 111(b) does not require an express request for a documentary reference, and there is no such requirement in the case law or MPEP. Nevertheless, for the avoidance of doubt, Applicant now demands citation of a reference or other documentary evidence to substantiate the "official notice." Further, Applicant's opening brief does specifically point out the supposed errors in the Examiner's Action:

"... However, official notice is allowed only for facts that are capable of such instant and unquestionable demonstration as to defy dispute. *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970) (citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 USPQ 6 (CCPA 1961)). Providing a weighting capability to a merchant, as a client of a **fraud detection service or method**, is not capable of instant and unquestionable determination.

"In section 3.2(iv) of the Office Action, page 6, the Office Action asserts that ... [specifically quoting from Office Action] Applicants disagree. The Office Action apparently proposes that teachers invariably assign the same number of points to assignments—i.e., all tests are worth 100 points—and then apply weighting factors to make some more important and others less important. But this is not what teachers do. Common practice in the classroom is to assign different total point values to different assignments—a 100-point test, a 10-point quiz, etc., so that the total number of points at the end of a grading period accurately reflects the importance of each individual assignment."

Appeal Brief, October 10, 2003, pp. 10-11. The Applicant has thereby pointed out specific issues for consideration. The remainder of the Examiner's Answer on this point² merely repeats the substance of the prior Office Action; in reply, Applicant stands by the substantive points made in the Appeal Brief.

C. Claim 27

With respect to Claim 27, the Examiner's Answer first contends that Applicant's Appeal Brief attacks Richardson individually and not the combination of references. However, the Examiner has cited Richardson for a particular technical element, and if that element is absent in Richardson then Richardson is not properly combined with the other references, and the combination of references cannot correspond to the claimed invention. As stated in the Appeal Brief, the Examiner's position reflects an immaterial procedural point that has not prevented courts from reversing multi-reference §103 rejections when the proposed combination does not reach the complete subject matter of the claim.

The Examiner's Answer contends, for the first time in prosecution of this application, that in relation to the three (3) limitations introduced in Claim 27, the six (6) limitations of Claim 24 (from which Claim 27 depends) are "non-functional descriptive material which will not distinguish the claimed invention from the prior art in terms of patentability." Procedurally, the Examiner should re-open prosecution to allow Applicant to amend Claim 27 to traverse the new grounds for rejection. Substantively, the rationale of the Examiner's Answer is incorrect and the cited cases do not support the stated rationale.

² The discussion of "determination" versus "demonstration" in the Examiner's Answer does not involve a significant issue for the Board. Regardless of which word is used, the ultimate analysis would be the same.

The Examiner's Answer appears to essentially contend that the steps of Claim 24 may be completely ignored because the steps of Claim 27 can be performed independently. This is not a rationale recognized in the case law as a basis for applying a reference to only part of a claim. Claim 27 recites a combination invention that includes the steps of Claim 24. All steps must be considered. Even if the rationale is proper, the steps of Claim 27 are "functionally involved" with the steps of Claim 24 because the "utilizing" step of Claim 27 recites a fraud check step that may fairly be read as part of the "verifying" step of Claim 24, because there is no reasonable way to use the map of credit card transactions other than in "verifying."³

The case law also does not support the Examiner's Answer. First, reliance on In re Gulack, 703 F.2d 1381, 217 USPQ 401, 404 (Fed. Cir. 1983), is inapposite. Gulack involved an appeal of a patent claim that recited a band, ring, or set of concentric rings; a plurality of individual digits imprinted on the band or ring at regularly spaced intervals; and an algorithm by which the appropriate digits are developed. The Board made a "printed matter" rejection under 35 U.S.C. 101 and contended that the "digits imprinted on the band" failed to provide patentably distinct subject matter. The Federal Circuit observed, in dicta, that where printed matter is not functionally related to a substrate on which it is printed, the printed matter will not distinguish the invention from the prior art in terms of patentability. The Federal Circuit rejected the board's conclusion that there is no functional relationship between the printed matter and the substrate of the appealed claims.

³ Applicant offers to make a clarifying amendment on this point, if the Examiner elects to re-open prosecution.

The present case does not involve any form of printed matter⁴. Gulack is limited to cases involving printed matter as an element or limitation of a claim. It does not support the rationale of the Examiner's Answer, which is made crystal clear in In re Lowry, 32 F.2d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994). Lowry is also completely inapplicable to the present case—for the identical reasons that the Lowry court found Gulack inapplicable to its decision.

Lowry pointed out that Gulack cautioned against a liberal use of "printed matter rejections" under section 103:

A "printed matter rejection" under Section 103 stands on questionable legal and logical footing. Standing alone, the description of an element of the invention as printed matter tells nothing about the differences between the invention and the prior art or about whether that invention was suggested by the prior art. . . . [The Court of Customs and Patent Appeals], notably weary of reiterating this point, clearly stated that printed matter may well constitute structural limitations upon which patentability can be predicated.

Lowry, 32 USPQ2d at 1034 (citing Gulack, 703 F.2d at 1385 n.8). "Despite this cautioning," wrote the court in Lowry, the Board erroneously extended a printed matter rejection under sections 102 and 103 to a new field in this case, which involves information stored in a memory. This case, moreover, is distinguishable from the printed matter cases. The printed matter cases 'dealt with claims defining as the invention certain novel arrangements of printed lines or characters, useful and intelligible only to the human mind.' [citing In re Bernhart, 417 F.2d 1395, 1399, 163 USPQ 611, 615 (CCPA 1969)]. The printed matter cases have no factual relevance where 'the invention as defined by the claims *requires* that

⁴ The weakness of the position of the Examiner's Answer is immediately apparent because the Examiner's Answer attempts to use the broader term "descriptive material," which is not found in the cited cases, rather than "printed matter," which is used in the cases but does not appear in Applicant's claims; there is no doctrine of "non-functional descriptive material."

the information be processed not by the mind but by a machine, the computer.' [citing Bernhart (emphasis in original)]. Lowry's data structures, which according to Lowry greatly facilitate data management by data processing systems, are processed by a machine. Indeed, they are not accessible other than through sophisticated software systems. The printed matter cases have no factual relevance here." In re Lowry, supra, at 1034.

The same is true for the present case. The steps of Claim 27 and Claim 24 are machine-implemented steps and recite machine-implemented software mechanisms.⁵ No printed matter is recited. The steps of Claim 27 are functionally related to the steps of Claim 24. The steps of Claim 24 recite checks, systems, steps, mechanisms, and other non-mental actions that are performed by machine or with specified mechanisms, or implemented in software, and deal with machine-processed information that is not merely mentally perceived. By their own plain terms and holdings, Gulack and Lowry have no relevance.

IV. Conclusion

For the reasons indicated above, all pending Claims 17-30 present subject matter that is patentable over the references of record, and are in condition for allowance. Therefore, Applicants respectfully request reversal of the final rejections expressed in the Office Action.

A petition for extension of time under 37 C.F.R. §1.136 to the extent necessary to make this paper timely filed is hereby made.

Throughout the pendency of this application the Commissioner is hereby authorized to charge any applicable fee, including extension of time fees, and to credit any overpayment

⁵ Applicant offers to make a clarifying amendment on this point, if the Examiner elects to re-open prosecution.

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Respectfully Submitted,

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Date: April 30, 2004

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